

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7844**

**BILL NUMBER: SB 559**

**DATE PREPARED:** Feb 10, 1999

**BILL AMENDED:**

**SUBJECT:** Rate Filings for Industrial Insureds.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill exempts insurers of certain industrial insureds from filing rate information with the Commissioner of Insurance.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) This bill exempts certain insurers from filing rate and form information with the Department of Insurance. These provisions should have little or no impact on fee revenue to the Department of Insurance.

In order to qualify for the exemption from the requirements to file rate and form information, a commercial purchaser of insurance must meet three criteria: (1) Have 25 full-time employees; (2) Have aggregate annual premiums for insurance on all risks of at least \$25,000; and (3) Employ a risk manager or continuously use a qualified insurance consultant. The American Insurance Association estimates that businesses with 25 or more employees comprise about 15% of all businesses in Indiana. Of this amount, about 5.2% have aggregate premiums for property, casualty, and liability insurance of over \$25,000. Of this number, some fraction would employ a risk manager or insurance consultant and fall within the criteria specified in the bill for the purchase of insurance products exempted from the rate and form filing requirements of the Department of Insurance. This bill would allow insurers offering insurance to these companies to deviate from previously filed rates in order to customize an insurance product for an individual risk. Currently, this practice is not allowed for domestic insurance companies without a refiling of rates with the Department of Insurance. And, according to industry representatives, it is not economical to develop a separate insurance product for an individual insured combined with the requirements associated with rate filing. Consequently, the avoidance of the \$35 filing fee with the Department of Insurance is not likely to reduce revenues since the filing would not have occurred without passage of this bill.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance

**Local Agencies Affected:**

**Information Sources:** Pat Holden, American Insurance Institute, (847) 470-1070.  
Raul Allegue, Traveler's Insurance, (860) 277-4738.  
Liz Carroll, Indiana Department of Insurance, 232-2406.